

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 2949 – HB 3270

March 6, 2012

SUMMARY OF AMENDMENT (013886): Adds language as the final sentence to Section 1 of the bill. Authorizes a city in a county not participating in a region to join the state Regional Library System as related to state purchasing contracts, with approval by the Secretary of State. The Secretary of State shall assess fees from participating cities for any additional cost of services under the state contracts.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$471,400

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Revenue - \$8,570/Per Library

Increase Local Expenditures – \$8,570/Per Library*

Assumptions applied to amendment:

- Currently, two or more counties, that have qualified for participation in the state's multi-county regional library program and that have been recognized as a region by the Secretary of State, are authorized to execute contracts with each other to create a regional library board to assist the Secretary of State, acting through the Division of Public Libraries and Archives, in administering and controlling the Regional Library Services within the region.
- The system presently excludes all libraries in Davidson, Hamilton, Knox and Shelby counties, as well as approximately 10 other libraries that have chosen not to be a part of the Regional Library System.
- The current contracts administered for the Regional Library System include the R.E.A.D.S. e-book and audio download services, Lyris cataloging and consulting, and Bibliostat statistical services. These three services cost the system approximately \$600,000 per year.
- The consulting and training that supports these services through the Regional Library System costs \$431,502 (10% of the total consulting + \$30,000 for a data coordinator).
- The total cost of these services is \$1,031,502 (\$600,000 + 431,502).


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- There are currently 180 libraries in the system. The cost per library is approximately \$5,730 (\$1,031,502 / 180).
- As a result of the bill, 55 new libraries could potentially come into the Regional Library System (45 libraries in the metro systems and 10 independent non-metro libraries) at a cost of \$315,150 per year (55 x \$5,730).
- In addition, materials in the R.E.A.D.S. system cost approximately \$250,000 per year to serve four million Tennesseans. Adding materials to serve the 2.5 million Tennesseans currently served by the metro and independent libraries will require an additional expenditure of \$156,250.
- The total cost of contracted services plus materials will be \$471,400 annually (\$315,150 + \$156,250) if all 55 libraries participate.
- The increase in state revenue for one participating library will be \$8,570 and the corresponding increase in local expenditures for one participating library will be \$8,570. (\$471,400 / 55).
- The increase in local expenditures and corresponding increase in state revenue will depend on which cities elect to participate, which state contracts are involved, and the amount of fee assessed by the Secretary of State.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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